

GCSE Business

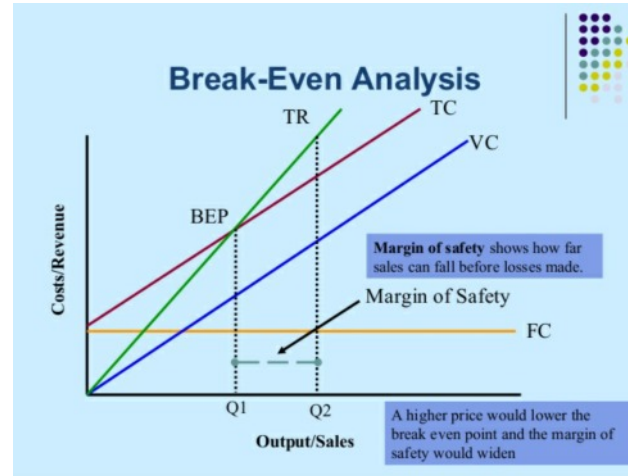
Theme 1 Investigating Small Businesses

1.3 Putting a business idea into practice



An aim is an overall goal for a business.

Objectives are the stepping stones to achieving your aim. They could be financial or non financial. They should be SMART.



Breakeven analysis is carried out to identify how many products the business needs to sell in order to start making a profit.

The margin of safety is the difference between the amount the business is currently selling and the breakeven point

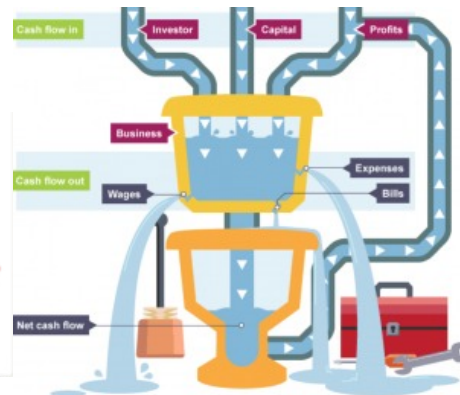
Cash Flow Forecasting is done at the start of the period, to make a predication of what the cash situation will be like.

Cash flow Statements are done at the end of the period to identify what actually happened with the cash situation.

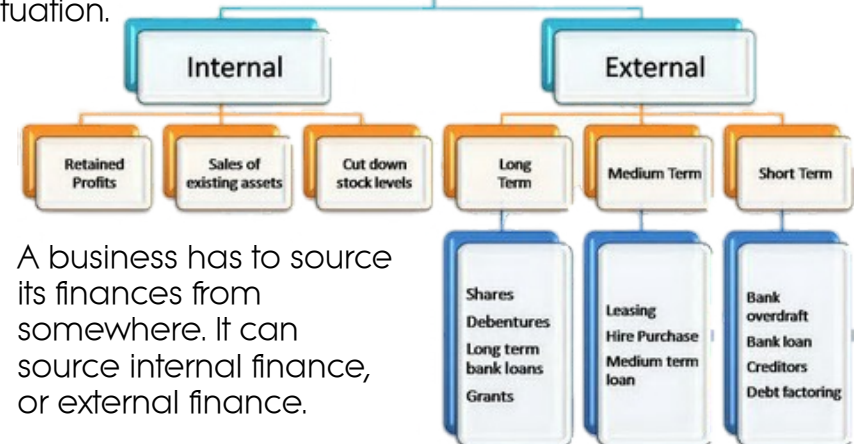
Managing costs and revenues is the key to business financial success. Costs must be kept to a minimum. Revenues should be as high as possible.

$$\text{PROFIT} = \text{REVENUE} - \text{COST}$$

↑ TO INCREASE THIS... ↑ ... INCREASE THIS ↑ ...OR DECREASE THIS



Sources of finance



A business has to source its finances from somewhere. It can source internal finance, or external finance.